



## TALKING POINTS: Energy Reform

**OUR PRINCIPLE:** *Republicans are committed to moving our nation closer to the larger goal of energy independence. We are equally committed to ensuring that federal policies do not lead to higher energy costs for homeowners and motorists.*

*We recognize the inherent flaws and unfairness of the current government giveaways to gas and oil companies that began under the Clinton Administration, which is why we acted in 2006 to eliminate those giveaways.*

**Republicans have and will continue to work to end unfair giveaways.** Republicans are willing to work with Democrats to eliminate unfair giveaways for energy companies, and we have been for years.

- In 2006, House Republicans passed the Deep Ocean Energy Resources Act of 2006, which included language to end unfair giveaways for energy companies. The Congressional Budget Office (CBO) estimates this fix would have recovered \$11.4 billion for the federal Treasury over the next 10 years. A majority of House Democrats, including the incoming Speaker and Majority Leader, opposed this legislation.

**Today's unfair giveaways were caused by a "lease error" made by the Clinton Administration.** In 1998 and 1999, the Clinton Administration issued leases to gas and oil companies that failed to include "price thresholds" – trigger points that, by law, would require oil and gas companies to pay royalties when prices escalate.

- "The 1995 law, according to Republicans and Democrats alike, was supposed to include an escape clause: in any year when average spot prices for oil or gas climbed above certain threshold levels, companies would pay full royalties instead... But in what administration officials said appeared to have been a mistake, Clinton administration managers omitted the crucial escape clause in all offshore leases signed in 1998 and 1999." (*The New York Times*, 3/27/06)

**Congress must fix the Clinton Administration's unfair giveaway.** Democrat leaders haven't provided details on their plans, but if they move to eliminate the Clinton Administration's giveaway to energy companies – commonly known as the "1998/99 lease error" – Republicans will work with Democrats to get it done.

**Eliminating exploration incentives hurts consumers and job creation.** Democrats have signaled interest in striking exploration incentives designed to promote energy independence. This would give an unfair competitive advantage to foreign energy firms.

- Republicans concur with Sen. Jeff Bingaman (D-NM), incoming chairman of the Senate's Energy and Natural Resources Committee, when he responded to the Pelosi tax repeal plan by stating: "If the tax incentives are changed in ways that cause them to go overseas to drill, I don't know that that's to our advantage." (*Associated Press*, 12/8/06)